GOVERNMENT OF INDIA
COMMUNICATIONS
LOK SABHA

STARRED QUESTION NO:693
ANSWERED ON:15.05.2000
INTERNET INDUSTRY
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Will the Minister of COMMUNICATIONS be pleased to state:

(a) whether the Government have made any plan for the growth of internet industry in the country;

(b) if so, the details thereof;

(c) whether the Videsh Sanchar Nigam Limited (VSNL) has provided internet nodes in certain areas of the country;

(d) if so, the details thereof, location-wise;

(e) whether there is an expansion programme to provide more of such nodes by VSNL in the country;

(f) if so, the details thereof, location-wise; and (g) the time by which these nodes are likely to be available for commercial lease ?

Answer

MINISTER OF COMMUNICATIONS

(SHRI RAM VILAS PASWAN)

(a) & (g) A Statement is laid on the table of the House.

STATEMENT IN RESPECT OF PARTS (a) TO (g) OF LOK SABHA STARRED QUESTION NO.693 15TH MAY, 2000 REGARDING INTERNET INDUSTRY

(a) to (g) The Government has embarked on a very liberal policy aimed at promoting Internet within the country. As per the Internet Policy, no license fee is payable by the ISP licensee for 5 years and a nominal fee of one rupee per annum is payable after 5 years. The Internet Policy provides interconnection of networks and setting up of International Gateways by the Internet Service Provider independent of VSNL.

Salient features of the Internet Service Provider (ISP) policy is at Annexure-A.

The Government has also announced duty concessions to Internet industry in the Budget of 2000-2001.Concessional rate of 5% basic duty applicable to specified telecom equipments has been extended to Internet Service Providers for import of Routers, ATM switches and frame relay switches.

The Government has also initiated many steps through Department of Telecom Services (DTS) to help Internet industry grows at fast pace and to supplement government policies on Internet. Salient features of these steps are at Annexure-B.

IT Bill is also expected to provide a major boost to this industry.

VSNL is providing Internet services from six locations viz. Delhi, Mumbai, Chennai, Calcutta, Pune and Bangalore. DTS is providing Internet services at 89 stations (as of March 2000).

The proposal of VSNL for expanding the Internet Services in the country is under consideration of the Government.

ANNEXURE - A

SYNOPSIS OF THE ISP POLICY

(a) Any Indian company with a maximum foreign equity of 49% is eligible.

(b) Category `A` service Area - whole of India.Category `B` Service Area - 20 territorial Telecom Circles, four Metros - Delhi, Mumbai, Calcutta and Chennai and four Major Telephone Districts - Ahmedabad, Bangalore, Hyderabad and Pune. Category `C` Service Area - any Secondary switching Areas (SSA) of DOT with geographical boundaries as on 1.4.98.

(c) An applicant company may be granted any number of licenses and there will be no limit of number of licenses granted in a particular area.

(d) Period of license is 15 years.

(e) License fee is waived upto 31.10.2003 and will be Rs.1/- per annum thereafter.

(f) Performance Bank Guarantee - Rs. 2 crores for Category `A` service Area, Rs. 20 lakhs for each Category `B` service Area and Rs. 3 lakhs for each Category `C` service Area.

(g) International connectivity - Through gateways of DOT, VSNL or authorized public/Government organizations. Private ISPs are allowed to set up gateways after obtaining security clearance. ISPs can take bandwidth directly from foreign satellites which are coordinated over India.

(h) Establishment of transmission links - Private ISPs can obtain transmission links on lease from DOT, licensed Basic Service Operator, Railways, State Electricity Boards, National Power Grid Corporation etc. They may also establish their own transmission links within its service area for carrying traffic originated and terminated by his subscriber, provided that such capacities are not available from authorized agencies and such to permission of Telecom authority.

(i) Telephony on Internet is not permitted.

(j) The ISPs are free to fix their own tariff. However, TRAI may fix tariff at anytime which shall be binding on the licensee.

ANNEXURE - B

Salient features of steps taken by Department Of Telecom Services (DTS) for growth of Internet in the country

National Internet Backbone (NIB)- DTS plans to establish a National Internet Backbone for carriage of Internet traffic. It aims at providing easy interconnect point to the ISPs besides establishing Points of Presence for DTS as an Internet Service Provider. It is proposed to set up at least one Internet node in every Secondary Switching Area.

A 20% concession is presently being offered by DTS on the annual leased line rentals for leased lines taken for Internet access and for software export purposes.
. Recognised educational institution/Govt. organisations/Newspapers and News agencies are presently being given 50% concession on port charges by DTS.100% Export Oriented Units (having annual export turn over above US$ 1,00,000)/ software exporters are also getting 20% concession on annual port charges.

Half of the telephone connections required by licensed ISPs (as well as VSNL) for providing Internet Services may be released on out-of-turn basis in Non-OYT General category by DTS, for providing Internet Dial-up ports to the extent of 1/12th of their Dial-up subscriber base, on demand by ISP.

Store and forward services over the Internet (viz. Voice, Data, Video etc.) have been permitted by DTS subject to no dialing out at the destination end through Public Switched Telephone Network (PSTN)/Integrated Services Digital Network (ISDN) lines/ E1R2 links and information being sent from one Internet node to another Internet node without switching to PSTN/ISDN